

Message Text

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PAGE 01 STATE 263164

20

ORIGIN NEA-10

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 AID-05 MC-02 ACDA-05 /056 R

DRAFTED BY NEA/AFN:STESCUDERO

APV

OVER BY NEA:HHS SAUNDERS

PM:DKEENE

ISA:JWOOTEN

NEA/AFN:WSWEISLOGEL

DSAA-COMP(DRAFT) CEJEFFCOAT

DSAA-TS-A(DRAFT) WHDILLARD

NEA/RA:JHOBBS

----- 031303

R 061827Z NOV 75

FM SECSTATE WASHDC

TO AMEMBASSY RABAT

INFO USCINCEUR

HQ DA DALO-IL

CNO OP-63

HQ USAF LGF

SECDEF ASD/ISA/DSAA ASD/COMP

JVE FOR J-4 J-5

C O N F I D E N T I A L STATE 263164

E.O. 11652:GDS

TAGS:MASS, US, MO

SUBJECT:GOM DELAYS IN PAYMENT FOR FMS AND OTHER CASES

THIS IS A JOINT STATE-DEFENSE MESSAGE

1. FOLLOWING COMPREHENSIVE REVIEW OF PRESENT US-MOROCCAN
FOREIGN MILITARY SALES RELATIONS, IT HAS BEEN DETERMINED
THAT GOM IS IN ARREARS (I.E., LATE FOR 90 DAYS OR MORE IN
A SIZEABLE NUMBER OF CASES. DEPT AND DOD ARE FULLY AWARE
CONFIDENTIAL

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PAGE 02 STATE 263164

THAT GOM ENERGIES ARE CURRENTLY CONCENTRATED TO THE SOUTH

AND THAT RAMADAN PERIOD USUALLY EXACERBATES BUREAUCRATIC DELAYS COMMON TO MOROCCO. NEVERTHELESS, DOD RECORDS APPEAR TO REVEAL A PATTERN OF DELINQUENCIES OF SOME DURATION AND THESE PRACTICES, IF NOT RECTIFIED, COULD WELL CAUSE MOROCCO TO FALL AFOUL OF US LAWS AND REGULATIONS, HAVING ADVERSE EFFECT ON US-MOROCCAN RELATIONSHIP.

2. DOD FMS CREDIT RECORDS REVEAL THAT GOM WAS DELINQUENT 2.5 MILLION DOLLARS AS OF 30 JUNE 74 AND 4.0 MILLION DOLLARS AS OF 30 JUNE 75, IN PAYING BACK FMS CREDIT LOANS. AS REQUIRED BY LAW THESE ARREARAGES WERE REPORTED TO TREASURY AND CONGRESS. ON 1 OCTOBER 75 MOROCCO WAS STILL IN ARREARS ON PRINCIPAL PAYMENTS DUE IN JULY 75 AS FOLLOWS:

AGREEMENTNO: AMOUNT (THOUSANDS OF DOLLARS)

671	558.2
691	300.0
682	175.0
711	750.0
721	500.0
GUWW	WTPMP
731	490.0
741	150.0
TOTJL	3,173.2

3. IN ADDITION CASH PAYMENTS ARE REQUIRED WITH ACCEPTANCE OF CERTAIN FMS CASES BEFORE PROCESS OF IMPLEMENTATION CAN BEGIN. AS OF 30 OCTOBER 75 THE GOM HAD NOT MADE THEIR INITIAL CASH PAYMENTS ON THE FOLLOWING CASES, ALL OF WHICH ARE BEING HELD UP PENDING RECEIPT OF PAYMENT:

CASE ACCEPTED MJDOR ITEM INVOLVED

UFP 13 JUNE 75 M-113A1 AMBULANCE
UFU 13 JUNE 75 M-578 RECOVERY VEHICLE
UFW 13 JUNE 75 M-88A1 TANK RECOVERY VEHICLE
UFX 13 JUNE 75 GENERATOR
UFY 13 JUNE 75 M-577A1 COMMAND POST CARRIER
UFZ 13 JUNE 75 M-113A1 AMBULANCE
UGA 13 JUNE 75 M-125 MORTAR CARRIER
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 263164

UGB 13 JUNE 75 M-113A1-APC
UGK 13 JUNE 75 VULCAN SYSTEM
UGN 13 JUNE 75 TOW CARRIER
UHH 7 AUGUST 75 PROTECTIVE MASK
UHI 7 AUGUST 75 106MM RECOILESS RIFLE
UHK 30 AUGUST 85 MOD-KITS FOR 106MM RECOILESS RIFLE
UHI 1 SEPT. 75 TOW
UHB 6 OCTOBER 75 M48A3 TANK

UHC 10 OCTOBER 75 M48A5 TANK

UGO 10 OCTOBER 75 COMMUNICATIONS EQUIPMENT

AS MISSION IS WELL AWARE, DELAYS IN INITIATION OF CASES CONTRIBUTE TO PRICE INCREASES AND, PERHAPS MORE IMPORTANTLY FROM MOROCCAN POINT OF VIEW, TO SLIPPAGES IN AVAILABILITY DATES WHICH COULD BE OF A RATIO GREATER THAN ONE TO ONE. (FYIC VWE ARE PRESENTLY CONSIDERING FY-76 CRA FMS CREDIT FUNDING FOR MOROCCO. UNTIL ALL FMS ARREARAGES ARE PAID CRA CANNOT BE APPROVED. END FYI)

4. DOD NOTES THAT MOROCCANS WERE ALSO LATE IN PAYING LOCKHEED FOR C-130 AIRCRAFT AND ARE STILL TEN MONTHS IN ARREARS ON LUYNPPP DOLLARS WORTH OF SPARE PARTS FOR C-130S. DOD REALIZES THAT DELAYS IN THIS INSTANCE MAY HAVE RESULTED FROM DECISION TO AWAIT FINALIZATION OF A FY 75 CREDIT AGREEMENT BUT FEELS THAT GOM SHOULD HAVE MADE APPROPRIATE PAYMENTS FROM OWN RESOURCES. WE UNDERSTAND CONTRACTOR HAS MADE NUMEROUS DIRECT ATTEMPTS WITH GOM TO RESOLVE THIS ISSUE.

5. IN CONNECTION WITH FY 75 ;CREDIT AGREEMENT, USG RECEIVED ON 22 SEPTEMBER A SIGNED PROMISSORY NOTE ORIGINALLY DUE 30 JUNE. EARLIER WE HAD GRANTED DELAY IN DUE DATE UNTIL 15 AUGUST.

6. DEPARTMENT AND DOD RECOGNIZE THAT GENESIS OF PAYMENT DIFFICULTY MOST LIKELY FOUND IN CLASH OF TWO DIFFERENT BUREAUCRATIC APPROACHES. NEVERTHELESS EXAMPLES SUCH AS THOSE ABOVE AND THAT OF FREIGHT FORWARDER CONTRIBUTE TO CONTINUING IF ERRONEOUS VIEW OF GOM AS LACKING IN RESPONSIBILITY AND SERIOUSNESS. IT IS CLEARLY IMPOSSIBLE TO

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PAGE 04 STATE 263164

EXPECT GOM TO RESTRUCTURE ITS BUREAUCRACY TO CONFORM PRECISELY TO PECULIARITIES OF USG PROCEDURES. NEVERTHELESS EMBASSY SHOULD APPROACH GOM AT WHATEVER LEVEL AND IN WHATEVER MANNER SEEMS BEST, INFORM MOROCCANS OF ARREARAGES AND OF UNFAVORABLE IMPRESSION OF GOM CREATED BY FREQUENT DELINQUENCIES AND ATTEMPT TO DETERMINE IF THERE ARE ANY EXTENUATING CIRCUMSTANCES WHICH MIGHT HAVE PROMPTED GOM TO DELAY PAYMENTS. WE DO NOT WISH TO APPEAR TO LECTURE MOROCCANS ON THIS ISSUE BUT IT IS IMPORTANT THAT THEY UNDERSTAND UNFORTUNATE REPERCUSSIONS WHICH COULD RESULT FROM CONTINUATION OF GOM PAYMENT PRACTICES. KISSINGER

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